

LOCAL AUTHORITY RESPONSES TO ECONOMIC UNCERTAINTY IN SCOTLAND

M G Lloyd and J Rowan-Robinson

Introduction

In England and Wales a substantial number of local authorities have responded positively to the localised effects of economic recession, industrial collapse and rising unemployment by devising and implementing their own economic development initiatives. This present interest by local authorities stands in direct contrast to their more traditionally passive role with respect to economic policy. A survey carried out over the period 1982-1984 by the Association of District Councils found, for example, that, of the responding authorities, only a comparatively small proportion (11%) of district councils had no involvement with local economic development policies.⁽¹⁾ The survey also revealed that economic development activity was increasing as local authorities in England and Wales responded to the localised effects of deteriorating economic conditions. Until recently there has been little comparable evidence regarding the economic development activities of Scottish local authorities. In 1980, the Convention of Scottish Local Authorities (COSLA) carried out a survey of local authority assistance to industry. The results of the COSLA survey, which were never published, confirmed that Scottish local authorities were beginning to encourage industrial development and indigenous economic activity.⁽²⁾ In 1986 a more comprehensive survey was carried out by the authors to determine the nature and extent of local authority economic development activity in Scotland.⁽³⁾ This article sets out the context within which local authority economic development activity in Scotland takes place, describes the nature of the economic initiatives and reports on the findings of the 1986 survey.

The Changing Context of Local Authority Economic Intervention

Traditionally central government has assumed the main responsibility for domestic and international economic policy making and implementation. This is particularly the case with respect to controlling inflation, managing unemployment and industrial development, and influencing the balance of trade. As a consequence local authorities have tended to assume a relatively passive role with respect to economic policy. This is illustrated by the institutional arrangements for regional

development. Whilst central government provides the regional policy framework which is concerned with the geographical distribution of industrial development and employment creation, local authorities have fulfilled an important supporting role in facilitating the regional policies. Thus, in the areas designated by central government as eligible for regional assistance, local authorities provided the supporting housing and education services and ensured an adequate land supply for the industrial, residential and commercial development that formed part of the regional development strategy. There have, however, been exceptions to this traditional distribution of functions. For example, during the inter-war period some local authorities initiated public works programmes and provided land and buildings for local industry in an attempt to offset the considerable difficulties associated with severe localised unemployment.⁽⁴⁾

In the 1970's however, the traditional pattern began to change. Local authorities started to address the localised problems of economic decline and unemployment with which they were confronted. The most important factor contributing to the increased involvement by local authorities in the formulation of local economic policy was the prevailing national economic recession. Two further, and not entirely unrelated, factors may also be identified as having had a significant influence on local authority involvement in this area. First of all, there was the process of 'co-option' by central government which involved local authorities in facilitating its economic development policies. Secondly, and running counter to co-option, there was a process of 'alienation', local authorities found they were becoming more isolated from central government's economic policy and were increasingly exposed to the localised effects of economic restructuring in Britain. These two, apparently contradictory, processes deserve closer examination.

First of all, the 'co-option' of local authorities into the economic development arena was essentially a response by central government to the rapidly deteriorating economic circumstances in the later 1970's. There was an effective 'rethinking' of economic and industrial policy and, as a consequence, local authorities were encouraged to contribute to the national industrial strategy by formulating local policies to promote economic development.⁽⁵⁾ Concern was expressed in particular about the geographical distribution of unemployment and economic opportunities throughout Britain. This led to a recognition of what is commonly referred to as the inner city crisis, as distinct from the more conventional regional development problem. Local authorities in the older, larger conurbations were being forced to address the concentrated problems of unemployment and industrial decline effectively within a policy vacuum. Furthermore, the localised economic difficulties in the inner cities were compounded by an outworn physical property base and infrastructure fabric together with a deteriorating fiscal position on the part of the local authorities.⁽⁶⁾

The Labour government's response was the Inner Urban Areas Act 1978 which "marked the introduction of the most ambitious and comprehensive attack on inner city problems. It embodied the reformist-structuralist view that policy be directed towards economic development while the agents of change were to be partnerships between central government, local authorities and private enterprise. The underlying premise of the policy was that inner city economies had inherent structural weaknesses which market forces alone could not overcome. The programme offered various forms of financial aid for land acquisition, provision of amenities, rent and interest relief and so forth. In addition, the programme was intended to 'bend' other development programmes in order to favour the inner cities".⁽⁷⁾ The inner city legislation proved to be a considerable stimulus to local authorities and as a consequence there was an increase in local authority involvement in economic development activity. Local authorities in the designated inner cities were now given resources so as to provide some assistance to local industry, establish co-operatives, undertake land development and designate industrial area improvement initiatives.⁽⁸⁾ At the same time, the nature of the local economic initiatives changed. Local authorities recognised the futility of conventional policy measures that attempted to attract available mobile investment to their respective areas. The national economic recession meant that the supply of such investment was rapidly diminishing and as a consequence local authorities developed policies targetted at indigenous economic activity. Local authorities set out to protect existing industry, to provide premises and other facilities for established firms to enable them to expand in situ, and to provide financial aid to encourage the establishment of small firms.⁽⁹⁾

Although the co-option of local authorities commenced with a Labour government, the process continued with the subsequent Conservative administration. The nature of the co-option process has changed, however, and now reflects the prevailing 'supply side' philosophy of the present government. Since 1980, for example, central government has issued advice to local authorities cautioning them against placing restrictive obstacles in the way of economic growth and the development of private enterprise. Thus in Circular 22/80, the Department of the Environment stated that the development control process "must avoid placing unjustified obstacles in the way of any development especially if it is for industry, commerce, housing or any other purpose relevant to the economic regeneration of the country". Similarly Circular 14/85, which is concerned with development and employment, emphasises that "new development contributes to economic activity and to the provision of jobs. It is in the national interest to promote and encourage it. The planning system must respond positively and promptly to proposals for development". The process of co-option has therefore encouraged local authorities to become more involved in local economic development activity.

The second factor which influenced local authority involvement in economic development activity was the process of 'alienation'. This stemmed directly from the present government's economic philosophy and industrial strategy. It was a consequence in part of the rejection of the conventional Keynesian policy framework which had dominated post-war economic policy making. Economic policy has effectively been redrawn along stricter financial, commercial and market lines, criteria described as a reaction "against the cost and dubious justifiability of various state expenditures".⁽¹⁰⁾ As a consequence, government intervention and public sector expenditure has been subject to monetary targets and public expenditure restraint.⁽¹¹⁾ The main elements of the government's economic strategy are financial stringency, monetary controls and targets, privatisation and the de-regulation of economic activity. As a consequence many local authorities in the early 1980's became increasingly isolated from the 'safety net' of economic policy measures as the government attempted to reduce the extent of intervention in order to permit the market greater influence in economic development. Regional policy illustrates this trend. The map of assisted areas was redrawn and rationalised in line with the government's philosophy and a number of areas in Scotland lost designation for regional assistance. The level of financial support and the nature of the regional development incentives available in the areas remaining eligible for assistance were reduced and stringent cost/job criteria were introduced.⁽¹²⁾ Many local authorities were thus radically and adversely affected by the implementation of the new market based philosophy and were effectively left to tackle the problems of local economic decline in the absence of central government support. As a result of the effective policy vacuum, many local authorities felt they had little choice but to undertake a more active interest in local economic development activity.

Local authorities have been further 'alienated' from central government economic policy as a result of a marked shift towards centralisation in public policy making. This has involved "imposing specific duties on local authorities, curtailing administrative discretion by imposing detailed statutory procedures on local decision making and by centralising discretionary decision making by vesting broad powers of intervention in the Secretary of State".⁽¹³⁾ In Scotland, the attempts by the Scottish Office to curb spending by local authorities has led to a deterioration in their relationship which is expected to worsen with proposals for the privatisation of local services.⁽¹⁴⁾ A number of specific economic measures introduced by the present government have also served to alienate local authorities by effectively reducing their ability to devise and implement local economic strategies. Such measures include the designation of enterprise zones, the setting up of urban development corporations, and to a lesser extent, the proposals for 'simplified planning zones'. Each of these measures are effectively imposed on the local authorities involved, and each designation results in a diminution of local control, as the local

authorities are called upon to fulfill an important supporting role in the initiative. Thus, for example, the London Docklands Development Corporation has involved a high level of public sector infrastructure investment in order to support private sector financial investments but there has also been a concomitant corruption of local control and public benefit.⁽¹⁵⁾ In similar fashion, the government's proposals to introduce simplified planning zones reflect its view that planning controls inhibit private economic activity. The intention is that simplified planning zones should be designated for a wide range of new development, including areas for housing, industrial and commercial purposes. Within the designated zones conditions and limitations over development and other activities will be kept to a minimum, and a zone designation may be initiated by a private developer.⁽¹⁶⁾

These measures have all served to alienate local authorities from mainstream economic and planning policy making and have encouraged them to intervene in an attempt to offset the localised difficulties associated with economic restructuring and uncertainty. Their ability to do so, however, has been considerably hampered by legal and financial constraints.

Legal and Financial Constraints on Local Authority Economic Development Activity.

Local authorities are not vested with a general economic function, their traditional responsibilities being primarily concerned with the protection of the community and the provision of personal services, such as education and housing.⁽¹⁷⁾ The provisional findings of a survey of local authorities in England and Wales suggests, however, that there has been a substantial extension in the past twenty years in the statutory provisions available to local authorities for economic purposes and in the flexibility with which they have been interpreted.⁽¹⁸⁾ It is important to recognise however that this conclusion refers to the indirect powers available to local authorities. Local authorities do not themselves have an explicit power to undertake economic policy but they do have certain indirect economic powers and are able to use other general powers for economic purposes, such as those relating to town and country planning.⁽¹⁹⁾

Thus, although the power for local authorities to engage in local economic development activity is ambiguous, local authorities have long been involved in facilitating economic development through the land allocation process in their statutory development plans. Furthermore, local authorities can provide an important supporting role for economic development through the provision of infrastructure and the construction of buildings and other works. Section 78 of the Local Government (Scotland) Act 1973, for example, enables local authorities to construct, alter or improve buildings or execute works on land owned or leased by

them for the purpose of any of their functions or for the benefit or improvement of their area. The Local Government (Development and Finance) (Scotland) Act 1964, as amended, empowers local authorities to carry out, or to support the carrying out by others, of building restoration and other works on land for the benefit and improvement of their areas. And Part VI of the Town and Country Planning (Scotland) Act 1972 permits local authorities to acquire and develop land for planning purposes.

Despite the range of indirect powers, the evidence suggests that in the early 1980's the ambiguity and uncertainty regarding what was permitted under the legislation acted as a major constraint on local authority involvement in economic affairs. The COSLA survey carried out in 1980, for example, noted that local authorities were uncertain as to what they could achieve under the wide but indistinct range of powers and instruments available to them. What appears to have happened since then has been a growing awareness on the part of local authorities of the potential of the indirect powers available to them. It remains the case, however, that the indirect powers do not readily lend themselves to stimulating local economic development and this has inhibited the activity of many local authorities. The severity of the localised economic problems would seem to be one of the principal factors which has encouraged some authorities to adopt what might be termed a 'creative' approach to their powers.⁽²⁰⁾ Nonetheless, despite a willingness to exercise these powers, they remain a less than perfect means of pursuing a sustained programme of local economic development activity. Thus, for example, whilst land use planning powers may form the basis upon which to construct a local industrial strategy, the strategy is limited by the fact that the "main powers of the planners are permissive and reactive rather than interventionist and directive".⁽²¹⁾

In the absence of a clearly distinguished power to undertake local economic development initiatives, local authorities wishing to implement direct measures to alleviate local economic problems have had to have recourse to the general power in s.83 of the Local Government (Scotland) Act 1973. This enables local authorities "to incur expenditure which in their opinion is in the interests of their area or any part of it or all or some of its inhabitants". Section 83, it should be noted, may not be used for purposes for which an alternative power already exists. Research shows that there has been a substantial increase in recent years in the number of authorities using this power and in the occasions upon which it is used.⁽²²⁾ There are, however, two main drawbacks to the use of s. 83 for local economic development activity. First of all, the expenditure is subject to a financial ceiling. The Abolition of Domestic Rates Etc (Scotland) Act 1987 will peg this ceiling hereafter to the product of a 2p. rate for the financial year 1988-1989. The real value of this product will clearly fall over time and this will influence the level of economic development activity as some Scottish local authorities are already close to their s.83 limit and others are likely to

become so over the next year or so. Without a change in the 2p. limit or in the legislation, it has been suggested that more staff time will have to be devoted to distinguishing between expenditure which must be classified under s.83 and expenditure which may be classified under other legislative provisions.⁽²³⁾ Secondly, there remains considerable uncertainty about the scope of s.83. The COSLA survey showed this to be a matter of considerable concern amongst Scottish local authorities, and it has been suggested that the use of s.83 has been constrained by legal opinion in Scotland and by its interpretation by local authority solicitors. For example, the action of guaranteeing a small factory development was apparently considered to be ultra vires on the grounds that the main benefit accrued to the developer and not to the area or its inhabitants.⁽²⁴⁾

Notwithstanding these constraints, recent years have seen increasing involvement by local authorities in Scotland in local economic development activity and it is now appropriate to examine the nature of this activity.

The Nature of Local Authority Economic Initiatives

Most of the discussion relating to the nature, extent and trends in local authority involvement with local economic development activity draws on survey evidence and case study material carried out in England and Wales. Until recently, there was little comparable evidence for Scotland although there was perhaps enough to draw some very general inferences. Reference has already been made to the survey of local authority assistance to industry carried out by COSLA in 1980-1981. This survey set out to establish, first of all, the scope of involvement by local authorities in Scotland in providing such assistance, and, secondly, the main constraints on that involvement and the ways in which available powers might be amended or supplemented. The COSLA survey confirmed the general position in England and Wales of increasing involvement by local authorities in local economic intervention. Significantly the COSLA survey suggested that local authorities in Scotland now perceived the active encouragement of local industrial development to be one of their main responsibilities. Clearly there was a greater awareness of the relationship of the local authority to its local economy than had existed some five or ten years earlier. The COSLA survey also revealed that Scottish local authorities were primarily interested in developing the small firm sector and concluded that "almost all the initiatives taken by local authorities, and many of the additional powers they would like to have, are aimed not at the attraction of mobile industry but at the encouragement and creation of local industry". The survey, therefore, had a very practical purpose but it was confined to one specific area of local authority involvement in their local economies.

The authors carried out a more comprehensive questionnaire survey of Scottish local authorities in 1986. The full findings of that survey are presented elsewhere.⁽²⁵⁾ In this article, we pick out some of the main

findings and consider them in the light of evidence derived from other sources.

First of all, our survey confirms that there is a continuing and increasing interest by local authorities in Scotland in economic development initiatives noted by COSLA. The way in which this manifests itself is discussed below.

Secondly, it is clear that the main characteristic of the policy initiatives being adopted by the majority of local authorities in England and Wales is that they are 'property led'. The focus is on the provision of sites and premises for local industrial development by the private sector.⁽²⁶⁾ This strategy is supported by a number of associated measures such as the building and letting of factory units, the carrying out of environmental improvements, the reclamation of derelict land and the designation of industrial improvement areas. This approach would seem to follow from the traditional concern of local authorities with the use and development of land in their areas. It is interesting to note, however, that local authority interest in property as an economic policy instrument is no longer confined to industrial development alone. Research shows that local authorities are now "usually willing to provide on an equal basis for warehouse and service activity and to supply sites to speculative industrial developers as well as industrialists having premises built for their own use".⁽²⁷⁾

The response to our questionnaire shows a similar interest in such conventional land and property based economic development initiatives amongst Scottish local authorities. There is a clear preference for the traditional provision and improvement of sites and buildings for the private sector. This approach, however, is sufficiently flexible to permit targeting of indigenous industry as well as facilitating the expansion needs of firms choosing to relocate. The extent of the involvement by Scottish local authorities in this traditional area of activity is given in Table 1.

The Table also shows the extent to which Scottish local authorities undertake property led development initiatives in conjunction with the private sector and other public sector agencies, notably the Scottish Development Agency whose particular concern has been with the reclamation of land and environmental improvements. It would seem that the relationship between local authorities and the private sector has been limited. A number of regions and district councils have formalised their activity in this field to the extent of developing a property strategy as part of their overall economic development policies. Strathclyde Regional Council, for example, prepared an industrial property strategy in 1983.

Recent research in England and Wales shows the development of a more sophisticated property led strategy on the part of local authorities through the provision of financial support and incentives to the private

TABLE 1

Provision of and Improvement of Sites and Buildings

Activity	% of respondents					
	Authority		Authority with Private Sector		Authority with Private Agency	
	R	D	R	D	R	D
Provision of serviced sites	80	58	0	12	30	38
Site assembly	30	62	0	12	0	31
Reclamation of derelict land	50	23	0	8	70	54
Environmental improvement	70	50	20	19	80	31
Conversion for commercial/ industrial units	60	46	30	12	10	15
Provision of new buildings	90	70	0	19	10	23

sector. There has been "considerable innovation in the organisation and financing of industrial development".⁽²⁸⁾ Local authorities now provide financial support to firms, through direct or indirect subsidies, which are often for the specific purposes of land acquisition. The Scottish survey confirms that local authorities similarly provide financial assistance, mainly in the form of grants and loans but also, in some instances through guarantees and the acquisition of shares in local businesses. The evidence suggests that regional authorities provide grants and loans for private firms largely for the purposes of purchasing plant and machinery, the conversion and improvement of land and buildings and for market research and business consultancy advice. Financial assistance from district councils, tends to be limited to the more traditional forms of support, for example, the provision of grants and loans mainly for the conversion of land and buildings, the construction and purchase of premises and for rent and rate relief.

Thirdly, it is a characteristic of local authority economic development activity that the initiatives are primarily 'market and business related' – being geared for the most part to attract and stimulate the private sector.⁽²⁹⁾ In this sense such activity is entirely compatible with central government's emphasis on the private sector as the dominant force in economic development and regeneration. The evidence shows that Scottish local authorities undertake a considerable amount of business development activity. Regions and district councils provide business information services and advice to the private sector, particularly on the price and availability of sites and premises. Significantly, however, there is increasing interest by all authorities in the opportunities for economic development offered by

enterprise trusts, community businesses, and, in the remoter local authorities, worker co-operatives. Resource restrictions on local authorities may explain their interest in the encouragement and development of such 'arms length' organisational arrangements.⁽³⁰⁾ Agencies such as the enterprise trust concept are also popular among local authorities in England and Wales because, it is suggested they are free of the procedural constraints that make local authority decision making cumbersome and unpredictable.⁽³¹⁾ Furthermore, the concept has received tacit encouragement from central government and is politically attractive because it involves the private sector.

Fourthly, it appears that in England and Wales local authority interest in economic development activity has tended to concentrate on the encouragement of indigenous small firm economic activity.⁽³²⁾ The Scottish survey confirms this interest, with an emphasis on firms employing less than 50 employees. Indeed, one criticism that has been levelled at the general thrust of local authority development initiatives is that employment considerations have become a secondary consideration for many local authorities⁽³³⁾, the emphasis being on the development and expansion of the local business sector. It is also argued that by concentrating on small firms local authorities are effectively increasing the competition between authorities for the available small firms wishing to expand or possibly relocate.⁽³⁴⁾ This argument is familiar and recalls the earlier conventional approach of local authorities to economic development through the promotion of their areas so as effectively to bid for and attract inward investment. However, a different view is that local authorities have redirected their policies to concentrate on the encouragement and stimulation of indigenous economic activity.⁽³⁵⁾

Finally, there are a limited number of local authorities in England and Wales that have developed more radical or interventionist local economic initiatives. These local economic development initiatives have emerged for the most part in areas of severe social and economic deprivation and have been described as "unorthodox" in approach.⁽³⁶⁾ The authorities are Labour controlled and they have chosen to confront the policies of central government and provide an alternative local economic strategy in order to address localised problems of unemployment and industrial collapse. This interventionist approach rejects the conventional attitude of local authorities which is, as we have seen, very largely property led and replaces it with "a pro-active approach to their role in the local economy which utilises a wide range of assistance targetted at specific locations, client groups within the labour market, and particular types of firm".⁽³⁷⁾ The measures associated with this approach include the setting up of local enterprise boards, co-operatives and community businesses, training initiatives, explicit support for equal opportunities, low pay and welfare rights lobbies and attempts to implement contract compliance as a means of

promoting local economic growth. The distinctive characteristics of this alternative approach to local economic development are "a clear policy framework; (the authorities) chose to expand their activity rapidly and committed substantial resources and staff in comparison with the majority of local authorities; they developed a range of new initiatives; and they introduced an explicit political dimension in their work".⁽³⁸⁾ Keating and Boyle argue that there is little evidence of such an "ideological dimension" in Scotland⁽³⁹⁾, and the survey findings confirm this observation. The reason for this, it has been suggested, is the 'crowding out' effect of the activities of the Scottish Development Agency which has assumed the central responsibility for economic development work in Scotland.⁽⁴⁰⁾

Economic Development Statements and Policies

It has been argued that "the most sophisticated level of (economic development) activity involves the decision to produce an economic development plan within the corporate policy framework of the authority".⁽⁴¹⁾ One of the most interesting findings of our survey is that local authorities in Scotland are increasingly institutionalising that activity as a part of their general responsibilities and operations. Of the authorities responding to our questionnaire, all of the regional councils and more than 60% of the district councils stated that they have prepared or are in the process of preparing economic development statements. This finding may be contrasted with the conclusion of a study of economic development activity on Clydeside.⁽⁴²⁾ This suggests that "adopting a rational planning approach to economic policy is a largely undeveloped strategy. Only one authority actually produced a statement, although other authorities have moved towards strategic programme documents for key elements of their activities".

We found that several of the responding local authorities had prepared separate policy statements. An example of such a statement is the Economic Development Plan prepared by the Economic Development and Employment Committee of Glasgow District Council. This sets out the aims of the District Council with respect to economic development as follows:

- (i) to promote the city as a place to invest;
- (ii) to support industries already in the city and particularly those under threat of rundown or closure;
- (iii) to support small businesses through the provision of advice, information, training and financial help where appropriate;
- (iv) to provide more specific support to community businesses, offices, retailing and tourism in order to give special help relevant to their

distinctive character and potential development;

- (v) to improve the infrastructure for business development by encouraging energy efficiency, a better physical environment, and an adequate supply of premises and land;
- (vi) to develop co-ordinated approaches to business development in areas of the city identified as having development potential or where remedial action is required to solve particular problems of disadvantage;
- (vii) to seek to improve the situation of those at a disadvantage in the city's workforce by encouraging training, support for the unemployed, and measures to improve pay and conditions and combat discrimination.

In general, however, most economic development policies are contained in the appropriate structure and local plans. The function of a structure plan is to set out policies and proposals to resolve or ameliorate the major land use problems that are identified by the authority as being strategic issues. It is acknowledged that these strategic issues are likely to include the scale and location of industry and employment.⁽⁴³⁾ The use of structure and local plans as the primary means of setting out economic development policies emphasises the adoption by Scottish local authorities of conventional means and instruments. Thus local economic development activity in Scotland is primarily land use based, and land use will remain the main lever by which local authorities attempt to stimulate economic activity. The nature of the economic development policies in the structure plans, however, vary widely. The Western Isles Structure Plan (1986), for example, argues that "the promotion of economic development will assume greater importance than the need to resolve competing land use issues or to restrict or control change in some other way". The Grampian Region (Part) Structure Plan: Rural Area (1985) also adopts an unusual approach to local economic development. The structure plan sets out to promote economic development in the rural area and to consolidate existing services, facilities and investment. These objectives are necessary in order to maintain the economic and social well being of the rural communities in the landward areas of the region and also to manage the resources and environment.⁽⁴⁴⁾ The plan establishes a dispersal strategy for investment and sets out "to counteract the tendency for the remoter parts of the Region to decline relative to the more prosperous areas, while still accommodating growth wherever it can be reasonably accepted". It also sets out a policy of positive discrimination for the rural area, as illustrated in its economic development strategy. This sets out "to discriminate positively in favour with regard to public sector promotion and development, and secondly, to concentrate particularly on indigenous industry and community based solutions to employment problems". The policy of positive discrimination is translated into practical terms by the 60/40 distribution of public sector resources to

rural Grampian. The commitment to foster the growth and development of indigenous industry is supported by a policy of restraint of the major settlements, so as to facilitate integrated development throughout the rural area, together with the protection of prime quality agricultural land and protection of the environment so as to encourage tourism.

Recent years have seen the preparation of non-statutory economic development policy instruments by a number of authorities. These policy statements tend to focus specifically on economic development issues and represent an alternative, but not mutually exclusive, approach to economic development policy making. The non-statutory documents permit a more corporate or comprehensive approach to economic development than is possible in the relatively narrowly defined land use based structure and local plans. A good example of this approach is the Economic Review prepared by East Lothian District Council (1984-1985). This summarises the major events and trends that took place in the district during 1984, rehearses the District Council's economic development strategy and sets out a detailed development programme for the forthcoming financial year. The Economic Review does not confine itself to matters of industrial development but broadens its analysis, policies and programme to all aspects of economic development and employment. Another example is the report made by the Director of Economic Development and Estates to the Policy and Resources Committee of Edinburgh District Council in intervening in the local industrial base of the city over a four year period and makes recommendations for an expansion and refinement of that strategy including the development of area-specific initiatives.

Our survey also enables us to say something about the subject matter of the land use planning policies adopted for economic development purposes. The findings are presented in Table 2. The evidence shows that for both regional and district councils there was a clear emphasis on the 'priority for allocating and safeguarding land for industry' in the structure plans and local plans. There is some divergence between the regional and district authorities regarding the other policies – a divergence that reflects their different statutory responsibilities and powers. Thus, the regional authorities place considerable emphasis on 'fostering schools/industry links', in their capacity as education authorities. The district authorities, on the other hand, place a relatively high priority on the 'provision of housing for key workers', an approach that reflects their statutory responsibility as housing authority. There are two other important points suggested by the survey evidence. First of all, both regional and district councils recognise the importance of the local plans in facilitating economic development activity. Both levels of authority place emphasis on the 'provision in local plans for small business development'. Although it is the district councils that have the responsibility for the preparation of the local plans, the regional authorities clearly recognise the importance of maintaining a continuity of strategy from the structure plan down to the detailed

implementation of proposals in the local plans. Secondly, it is interesting to note that there is relatively little priority afforded the 'relaxing of development control policies in certain areas'. This is effectively in opposition to central government advice contained, for example, in SDD Circular 17/1985 "Development Control – Priorities and Procedures" and represents a vote of confidence by the authorities in the planning system. The overwhelming view of the authorities was, perhaps not surprisingly, that the development control process did not operate to inhibit private economic activity.

TABLE 2

Planning Policies for Economic Development

Policy	% of respondents	
	Regions & Islands	Districts
Priority in allocating/safeguarding land for industry in structure and local plans.	90	85
Provision in local plans for small business development	60	75
Relaxing development control policies in certain areas	40	15
Priority to industrial/commercial planning applications	40	55
Provision of housing for key workers	10	75
Fostering schools/industry links	80	–

The survey also shows that local authorities in Scotland are giving serious attention to the internal institutional arrangements for implementing local economic development policies. In contrast, a study of the Clydeside region found that none of the authorities in the study area had adjusted their organisational arrangements to accommodate economic development activity.⁽⁴⁵⁾ The Scottish wide survey shows that, with one exception, all the regional councils have established a special department or unit within an existing department so as to co-ordinate their economic development activity. There is a tendency for such arrangements to be associated with the physical planning departments. A relatively smaller proportion of district councils have carried out such changes, but the main emphasis at the district council level is with the establishment of special committees or sub-committees. In 1986, for example, the sub-committee on Employment in Glasgow District Council was upgraded to the full Economic Development and Employment Committee.

Conclusions

This article has examined the context within which local authorities in Scotland have increasingly devised and implemented local economic development initiatives. Such activity mirrors that which has taken place in England and Wales. In common with the majority of local authorities in England and Wales, Scottish authorities have tended to rely on conventional policy instruments to attain local economic development. These are drawn largely from land and property measures which reflect in part, the authorities' statutory responsibilities for land use planning controls and the preparation of development plans.

Notwithstanding the increase in local authority activity it is important to recognise the limitations to such initiatives. It was suggested that local authorities were initially co-opted by central government so as to provide additional support in tackling such localised problems as are concentrated in the inner cities. Later, local authorities were increasingly alienated by central government in the economic sphere, and much of the increased local authority involvement is an attempt to compensate for the increasing centralisation and selectivity in central government's economic policy. This relationship between the two tiers of government is a critical one. Notwithstanding considerable ingenuity on the part of local authorities in the interpretation of their powers and in the devising of economic development initiatives, there is no doubt that the final arbiter over the extent of local authority involvement in this area is central government. Our survey shows that financial constraints have very considerably curtailed the scope of local authority activity in recent years and we referred earlier to the difficulties arising from reliance upon the general power in s.83 of the Local Government (Scotland) Act 1973. The Local Government Bill presently before Parliament will further curtail the activities of local authorities by promoting the privatisation of certain services, by limiting obligations imposed by local authorities in contracts for the supply of goods and services and for the carrying out of works to purely commercial matters and by further defining the scope of the power to engage in publicity. It seems likely that the impact of legal and financial constraints in this area will become more pronounced in the future.

Nonetheless, local authority involvement in this sphere of activity may be seen to some extent as implementing the government's supply side philosophy. This is particularly the case with the supply of land and buildings to the private sector. We think that local authorities will, therefore, continue to have a role to play in economic development but that its focus will be narrower and they will effectively be restricted to providing goods and services to the business community.

M G Lloyd, Department of Land Economy, University of Aberdeen.

J Rowan-Robinson, Department of Land Economy, University of Aberdeen.

References

1. Association of District Councils, *Economic Development Initiatives and Innovations*. Association of District Councils, London, 1985.
2. Convention of Scottish Local Authorities, *Review of Local Authority Assistance to Industry*. COSLA, Edinburgh, 1980.
3. J Rowan-Robinson and M G Lloyd, *Local Authority Economic Development Activity in Scotland*. Planning Exchange, Glasgow, Occasional Paper 32, 1987.
4. S V Ward, 'Inter War Britain: A Study of Government Spending, Planning and Uneven Economic Development', *Built Environment*, 7 (2), 1983, pp.96-108.
5. M Loughlin, *Local Government in the Modern State*. Sweet and Maxwell, London, 1986.
6. M Boddy and S Barratt, *Local Government and the Industrial Development Process*. School for Advanced Urban Studies, Bristol, Working Paper No.6, 1979.
7. C Hasluck, *Urban Unemployment: Local Labour Markets and Employment Initiatives*. Longman, London, 1987.
8. L Mills and K Young, 'Local Authorities and Economic Development: A Preliminary Analysis', in V A Hausner (ed) *Critical Issues in Urban Economic Development, Volume 1*. Clarendon Press, Oxford, 1986, pp.89-144.
9. M Boddy and S Barratt, *op.cit.*.
10. J Tomlinson, *Monetarism: Is there an alternative*. Basil Blackwell, Oxford, 1986.
11. M Bleaney, *The Rise and Fall of Keynesian Economics - An Investigation of its Contribution to Capitalist Development*. Macmillan, London, 1985, pp.141.
12. R Martin, 'Monetarism masquerading as regional policy? The government's new system of regional aid'. *Regional Studies*, 19(4), 1985, pp.379-388.

13. M Loughlin, *op.cit.*, pp.14.
14. D Scott, 'Local v. Central Government: the spending conflict', in D McCrone (ed) *The Scottish Government Yearbook 1986*. Unit for the Study of Government in Scotland, Edinburgh, 1986, pp.36-48.
15. D Klausner, 'Infrastructure Investment and Political Ends: The Case of London's Docklands', *Local Economy*, 1(4), 1987, pp.47-59.
16. J Rowan-Robinson and M G Lloyd, 'Lifting the Burden of Planning: A Means or an End?', *Local Government Studies*, 12(3), 1986, pp.51-64.
17. T Byrne, *Local Government in Britain*. Penguin, Harmondsworth, 1981.
18. L Mills and K Young, *op.cit.*
19. M Loughlin, *op.cit.*
20. P B Rogers and C R Smith, 'The Local Authority's Role in Economic Development: The Tyne and Wear Act 1976', *Regional Studies*, 11, pp.153- 163.
21. N Johnson and A Cochrane, *Economic Policy Making by Local Authorities in Britain and Western Germany*, Allen and Unwin, London, 1981.
22. C Crawford and V Moore, *The Free Two Pence*, CIPFA, London, 1983.
23. D Johnstone, *Discretionary Powers for Economic Development*, Planning Exchange, Glasgow, Occasional Paper 31, 1987.
24. D Johnstone, *ibid.*
25. J Rowan-Robinson and M G Lloyd, 1987, *op.cit.*
26. M Boddy, 'Local Economic and Employment Strategies', in M Boddy and C Fudge (eds) *Local Socialism? Labour Councils and the New Left Alternatives*. Macmillan, London, 1984, pp.160-191.
27. M Boddy, 'Changing Public – Private Sector Relationships in the Industrial Development Process', in K Young and C Mason (eds) *Urban Economic Development*. Macmillan, London, 1983, pp.34-52.
28. L Mills and K Young, *op.cit.*, pp.95.

29. M Boddy, 1984, *op.cit.*
30. M G Lloyd and J Rowan-Robinson, 'Local Authority Economic Development Activity in Scotland: Further Evidence', *Local Economy*, 2(1), 1987, pp.49-84.
31. L Mills and K Young, *op.cit.*
32. M Boddy and S Barratt, *op.cit.*
33. M Boddy, 1984, *op.cit.*
34. M Boddy, 1984, *ibid.*
35. J Bennington, 'Local Economic Initiatives', *Local Government Studies*, 11(5), 1985.
36. S Cameron, 'Economic Development: The Changing Public – Private Sector Relationship', *Planning Outlook*, 26(2), 1983, pp.75-79.
37. J Mawson and D Miller, 'Interventionist Approaches in Local Employment and Economic Development: The Experience of Labour Local Authorities', in V A Hausner (ed) *Critical Issues in Urban Economic Development: Volume 1*. Clarendon Press, Oxford, 1986, pp.145-199.
38. J Mawson and D Miller, *ibid.*
39. M Keating and R Boyle, *Remaking Urban Scotland*. Edinburgh University Press, Edinburgh, 1986.
40. C Moore and S Booth, 'The Scottish Development Agency: Market Consensus, Public Planning and Local Enterprise', *Local Economy*, 1(3), 1986, pp.7-19.
41. C Moore and S Booth, 'Urban Policy Contradictions: the market versus redistributive approaches', *Policy and Politics*, 14(3), 1986, pp.361- 387.
42. C Moore and S Booth, *ibid.*
43. Scottish Development Department, *Structure Planning*. Scottish Development Department, Edinburgh, Planning Advice Note 27, 1981.
44. A Stark, 'The Grampian Rural Area Structure Plan', in D Johnstone

(ed) *Rural Economic Development Policies and Initiatives*. Planning Exchange, Glasgow, 1985, pp.18-26.

45. C Moore and S Booth, 'The Pragmatic Approach: Local Political Models of Regeneration', in W Lever and C Moore (eds) *The City in Transition: Policies and Agencies for the Economic Regeneration of Clydeside*. Clarendon Press, Oxford, 1986, pp.92-106.